Mortgage Rates Hold Fairly Steady

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Mortgage rates barely budged again on Thursday, but there was far less data to digest compared to Wednesday. Bonds (which dictate rates) were steady to slightly weaker. The "weaker" part connotes higher rates, but the weakness was late in the day and too small for most mortgage lenders to do anything about it.

What does that mean?

Unlike the actual bond market, which can move every millisecond, mortgage lenders only change rates 1-3 times per day, and it's usually only once per day unless market volatility is high enough. Today's volatility didn't quite clear the bar. If bonds had lost slightly more ground, we might have seen a few lenders raise rates this afternoon.

With that in mind, lenders are heading into tomorrow at a bit of a disadvantage. In other words, if bonds don't improve between now and tomorrow morning, the average lender will likely be offering higher rates tomorrow.

One other thing to keep in mind is that Fed Chair Warsh is scheduled to speak around the same time mortgage rates come out. There's no way to know exactly what that will do to the market (perhaps nothing), but it does create some additional volatility potential.